



House of Representatives

General Assembly

File No. 939

January Session, 2009

Substitute House Bill No. 6535

House of Representatives, May 11, 2009

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING ENERGY EFFICIENCY AND CONSERVATION PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16a-35k of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 The General Assembly finds that the state of Connecticut is severely
4 disadvantaged by its lack of primary energy resources; that primarily
5 as a result of past policies and tendencies, the state has become
6 dependent upon petroleum as an energy source; that national energy
7 policies do not preclude the recurrence of serious problems arising
8 from this dependence during petroleum shortages; that the increase in
9 oil prices since the 1973 oil embargo has had a major impact on the
10 state; that the economy has suffered directly because of our
11 dependence on petroleum and constraints upon the rate of conversion
12 to alternatives; that other conventional sources of energy are subject to
13 constraints involving supply, transportation, cost and environmental,

14 health and safety considerations; and that the state must address these
15 problems by conserving energy, increasing the efficiency of energy
16 utilization and developing renewable energy sources. The General
17 Assembly further finds that energy use has a profound impact on the
18 society, economy and environment of the state, particularly in its
19 impact on low and moderate-income households and interrelationship
20 with population growth, high density urbanization, industrial well-
21 being, resource utilization, technological development and social
22 advancement, and that energy is critically important to the overall
23 welfare and development of our society. Therefore, the General
24 Assembly declares that it is the policy of the state of Connecticut to (1)
25 conserve energy resources by avoiding unnecessary and wasteful
26 consumption; (2) consume energy resources in the most efficient
27 manner feasible; (3) develop and utilize renewable energy resources,
28 such as solar and wind energy, to the maximum practicable extent; (4)
29 diversify the state's energy supply mix; (5) where practicable, replace
30 energy resources vulnerable to interruption due to circumstances
31 beyond the state's control with those less vulnerable; (6) assist citizens
32 and businesses in implementing measures to reduce energy
33 consumption and costs; (7) ensure that low-income households can
34 meet essential energy needs; (8) maintain planning and preparedness
35 capabilities necessary to deal effectively with future energy supply
36 interruptions; (9) by 2015 reduce state-wide energy consumption from
37 2006 levels by ten per cent per capita through employing efficiency
38 and conservation measures; and [(9)] (10) when available energy
39 alternatives are equivalent, give preference for capacity additions first
40 to conservation and load management. The state shall seek all possible
41 ways to implement this policy through public education and
42 cooperative efforts involving the federal government, regional
43 organizations, municipal governments, other public and private
44 organizations and concerned individuals, using all practical means and
45 measures, including financial and technical assistance, in a manner
46 calculated to promote the general welfare by creating and maintaining
47 conditions under which energy can be utilized effectively and
48 efficiently. The General Assembly further declares that it is the

49 continuing responsibility of the state to use all means consistent with
50 other essential considerations of state policy to improve and
51 coordinate the plans, functions, programs and resources of the state to
52 attain the objectives stated herein without harm to the environment,
53 risk to health or safety or other undesirable or unintended
54 consequences, to preserve wherever possible a society which supports
55 a diversity and variety of individual choice, to achieve a balance
56 between population and resource use which will permit the
57 maintenance of adequate living standards and a sharing of life's
58 amenities among all citizens, and to enhance the utilization of
59 renewable resources so that the availability of nonrenewable resources
60 can be extended to future generations. The General Assembly declares
61 that the energy policy is essential to the preservation and enhancement
62 of the health, safety and general welfare of the people of the state and
63 that its implementation therefore constitutes a significant and valid
64 public purpose for all state actions.

65 Sec. 2. Section 16a-37u of the general statutes is repealed and the
66 following is substituted in lieu thereof (*Effective from passage*):

67 (a) The Secretary of the Office of Policy and Management shall be
68 responsible for planning and managing energy use in state-owned and
69 leased buildings and shall establish a program to maximize the
70 efficiency with which energy is utilized in such buildings and, on and
71 after the effective date of this section, reduce energy consumption in
72 such buildings by at least ten per cent by January 1, 2010. The secretary
73 shall exercise this authority by (1) preparing and implementing annual
74 and long-range plans, with timetables, establishing goals for reducing
75 state energy consumption and, based on energy audits, specific
76 objectives for state agencies to meet the performance standards
77 adopted under section 16a-38; (2) coordinating federal and state energy
78 conservation resources and activities, including but not limited to,
79 those required to be performed by other state agencies under this
80 chapter; and (3) monitoring energy use and costs by budgeted state
81 agencies on a monthly basis.

82 (b) Not later than January fifth, annually, the Secretary of the Office
83 of Policy and Management shall submit a report to the Governor and
84 the joint standing committee of the General Assembly having
85 cognizance of matters relating to energy planning and activities. The
86 report shall (1) indicate the total number of energy audits and technical
87 assistance audits of state-owned and leased buildings, (2) summarize
88 the status of the energy conservation measures recommended by such
89 audits, (3) summarize all energy conservation measures implemented
90 during the preceding twelve months in state-owned and leased
91 buildings which have not had such audits, (4) analyze the availability
92 and allocation of funds to implement the measures recommended
93 under subdivision (2) of this subsection, (5) list each budgeted agency,
94 as defined in section 4-69, which occupies a state-owned or leased
95 building and has not cooperated with the Commissioner of Public
96 Works and the Secretary of the Office of Policy and Management in
97 conducting energy and technical assistance audits of such building and
98 implementing operational and maintenance improvements
99 recommended by such audits and any other energy conservation
100 measures required for such building by the secretary, (6) summarize
101 all life-cycle cost analyses prepared under section 16a-38 during the
102 preceding twelve months, and summarize agency compliance with the
103 life-cycle cost analyses, and (7) identify any state laws, regulations or
104 procedures that impede innovative energy conservation and load
105 management projects in state buildings.

106 (c) The Secretary of the Office of Policy and Management, in
107 conjunction with the Department of Public Works, shall as soon as
108 practicable and where cost-effective connect all state-owned buildings
109 to a district heating and cooling system, where such heating and
110 cooling system currently exists or where one is proposed. The
111 secretary, in conjunction with the Department of Public Works, shall
112 prepare an annual report with the results of the progress in connecting
113 state-owned buildings to such a heating and cooling system, the cost of
114 such connection and any projected energy savings achieved through
115 any such connection. The secretary shall submit the report to the joint
116 standing committee of the General Assembly having cognizance of

117 matters relating to energy on or before January 1, 1993, and January
118 first annually thereafter.

119 (d) The Secretary of the Office of Policy and Management shall
120 require each state agency to maximize its use of public service
121 companies' energy conservation and load management programs and
122 to provide sites in its facilities for demonstration projects of highly
123 energy efficient equipment, provided no such demonstration project
124 impairs the functioning of the facility.

125 Sec. 3. Subdivision (2) of subsection (c) of section 4-73 of the general
126 statutes is repealed and the following is substituted in lieu thereof
127 (*Effective from passage*):

128 (2) In addition, the supporting schedule of agency energy costs shall
129 be supported by a statement of the agency's plans for energy
130 conservation in each fiscal year of the ensuing biennium, and a
131 statement of the progress the agency has made in the last-completed
132 fiscal year concerning energy conservation. For the biennium
133 commencing July 1, 2010, and each biennium thereafter, the Office of
134 Policy and Management shall submit in accordance with the
135 provisions of section 11-4a such supporting schedule to the joint
136 standing committee of the General Assembly having cognizance of
137 matters relating to energy.

138 Sec. 4. Section 16a-37v of the general statutes is repealed and the
139 following is substituted in lieu thereof (*Effective from passage*):

140 Not later than July 1, [2004] 2010, the Office of Policy and
141 Management and the Department of Public Works shall establish a
142 pilot program under which the state selects an existing state facility or
143 complex of facilities to be covered by an energy performance contract
144 with a private vendor. The agencies that participate in the pilot
145 program shall submit reports on the results of the program to the joint
146 standing committees of the General Assembly having cognizance of
147 matters relating to appropriations and energy and technology in
148 accordance with section 11-4a. Such reports shall be submitted not

149 later than three months after the effective date of the contract and
150 annually thereafter until the final report is submitted not later than
151 three months after the termination of the contract.

152 Sec. 5. Section 16-245n of the general statutes is repealed and the
153 following is substituted in lieu thereof (*Effective from passage*):

154 (a) For purposes of this section, "renewable energy" means solar
155 photovoltaic energy, solar thermal, geothermal energy, wind, ocean
156 thermal energy, wave or tidal energy, fuel cells, landfill gas,
157 hydropower that meets the low-impact standards of the Low-Impact
158 Hydropower Institute, hydrogen production and hydrogen conversion
159 technologies, low emission advanced biomass conversion technologies,
160 alternative fuels, used for electricity generation including ethanol,
161 biodiesel or other fuel produced in Connecticut and derived from
162 agricultural produce, food waste or waste vegetable oil, provided the
163 Commissioner of Environmental Protection determines that such fuels
164 provide net reductions in greenhouse gas emissions and fossil fuel
165 consumption, usable electricity from combined heat and power
166 systems with waste heat recovery systems, thermal storage systems
167 and other energy resources and emerging technologies which have
168 significant potential for commercialization and which do not involve
169 the combustion of coal, petroleum or petroleum products, municipal
170 solid waste or nuclear fission.

171 (b) On and after July 1, 2004, the Department of Public Utility
172 Control shall assess or cause to be assessed a charge of not less than
173 one mill per kilowatt hour charged to each end use customer of electric
174 services in this state which shall be deposited into the Renewable
175 Energy Investment Fund established under subsection (c) of this
176 section. Notwithstanding the provisions of this section, receipts from
177 such charges shall be disbursed to the resources of the General Fund
178 during the period from July 1, 2003, to June 30, 2005, unless the
179 department shall, on or before October 30, 2003, issue a financing order
180 for each affected distribution company in accordance with sections 16-
181 245e to 16-245k, inclusive, to sustain funding of renewable energy

182 investment programs by substituting an equivalent amount, as
183 determined by the department in such financing order, of proceeds of
184 rate reduction bonds for disbursement to the resources of the General
185 Fund during the period from July 1, 2003, to June 30, 2005. The
186 department may authorize in such financing order the issuance of rate
187 reduction bonds that substitute for disbursement to the General Fund
188 for receipts of both charges under this subsection and subsection (a) of
189 section 16-245m and also may in its discretion authorize the issuance of
190 rate reduction bonds under this subsection and subsection (a) of
191 section 16-245m that relate to more than one electric distribution
192 company. The department shall, in such financing order or other
193 appropriate order, offset any increase in the competitive transition
194 assessment necessary to pay principal, premium, if any, interest and
195 expenses of the issuance of such rate reduction bonds by making an
196 equivalent reduction to the charges imposed under this subsection,
197 provided any failure to offset all or any portion of such increase in the
198 competitive transition assessment shall not affect the need to
199 implement the full amount of such increase as required by this
200 subsection and sections 16-245e to 16-245k, inclusive. Such financing
201 order shall also provide if the rate reduction bonds are not issued, any
202 unrecovered funds expended and committed by the electric
203 distribution companies for renewable resource investment through
204 deposits into the Renewable Energy Investment Fund, provided such
205 expenditures were approved by the department following August 20,
206 2003, and prior to the date of determination that the rate reduction
207 bonds cannot be issued, shall be recovered by the companies from
208 their respective competitive transition assessment or systems benefits
209 charge except that such expenditures shall not exceed one million
210 dollars per month. All receipts from the remaining charges imposed
211 under this subsection, after reduction of such charges to offset the
212 increase in the competitive transition assessment as provided in this
213 subsection, shall be disbursed to the Renewable Energy Investment
214 Fund commencing as of July 1, 2003. Any increase in the competitive
215 transition assessment or decrease in the renewable energy investment
216 component of an electric distribution company's rates resulting from

217 the issuance of or obligations under rate reduction bonds shall be
218 included as rate adjustments on customer bills.

219 (c) There is hereby created a Renewable Energy Investment Fund
220 which shall be within Connecticut Innovations, Incorporated for
221 administrative purposes only. The fund may receive any amount
222 required by law to be deposited into the fund and may receive any
223 federal funds as may become available to the state for renewable
224 energy investments. Upon authorization of the Renewable Energy
225 Investments Board established pursuant to subsection (d) of this
226 section, Connecticut Innovations, Incorporated, may use any amount
227 in said fund for expenditures that promote investment in renewable
228 energy sources in accordance with a comprehensive plan developed by
229 it to foster the growth, development and commercialization of
230 renewable energy sources, related enterprises and stimulate demand
231 for renewable energy and deployment of renewable energy sources
232 that serve end use customers in this state and for the further purpose
233 of supporting operational demonstration projects for advanced
234 technologies that reduce energy use from traditional sources. Such
235 expenditures may include, but not be limited to, reimbursement for
236 services provided by the administrator of the fund including a
237 management fee, disbursements from the fund to develop and carry
238 out the plan developed pursuant to subsection (d) of this section,
239 grants, direct or equity investments, contracts or other actions which
240 support research, development, manufacture, commercialization,
241 deployment and installation of renewable energy technologies, and
242 actions which expand the expertise of individuals, businesses and
243 lending institutions with regard to renewable energy technologies.

244 (d) There is hereby created a Renewable Energy Investments Board
245 to act on matters related to the Renewable Energy Investment Fund,
246 including, but not limited to, development of a comprehensive plan
247 and expenditure of funds. The Renewable Energy Investments Board
248 shall, in such plan, give preference to projects that maximize the
249 reduction of federally mandated congestion charges. The Renewable
250 Energy Investments Board shall make a draft of the comprehensive

251 plan available for public comment for not less than thirty days. The
252 board shall conduct three public hearings in three different regions of
253 the state on the draft comprehensive plan and shall include a
254 summarization of all public comments received at said public hearings
255 in the final comprehensive plan approved by the board. The board
256 shall provide a copy of the comprehensive plan, in accordance with the
257 provisions of section 11-4a, to the joint standing committees of the
258 General Assembly having cognizance of matters relating to energy and
259 commerce. The Department of Public Utility Control shall, in an
260 uncontested proceeding, during which the department may hold a
261 public hearing, approve, modify or reject the comprehensive plan
262 prepared pursuant to this subsection.

263 (e) The Renewable Energy Investments Board shall include not
264 more than fifteen individuals with knowledge and experience in
265 matters related to the purpose and activities of the Renewable Energy
266 Investment Fund. The board shall consist of the following members:
267 (1) One person with expertise regarding renewable energy resources
268 appointed by the speaker of the House of Representatives; (2) one
269 person representing a state or regional organization primarily
270 concerned with environmental protection appointed by the president
271 pro tempore of the Senate; (3) one person with experience in business
272 or commercial investments appointed by the majority leader of the
273 House of Representatives; (4) one person representing a state or
274 regional organization primarily concerned with environmental
275 protection appointed by the majority leader of the Senate; (5) one
276 person with experience in business or commercial investments
277 appointed by the minority leader of the House of Representatives; (6)
278 the Commissioner of Emergency Management and Homeland Security
279 or the commissioner's designee; (7) one person with expertise
280 regarding renewable energy resources appointed by the Governor; (8)
281 two persons with experience in business or commercial investments
282 appointed by the board of directors of Connecticut Innovations,
283 Incorporated; (9) a representative of a state-wide business association,
284 manufacturing association or chamber of commerce appointed by the
285 minority leader of the Senate; (10) the Consumer Counsel; (11) the

286 Secretary of the Office of Policy and Management or the secretary's
287 designee; (12) the Commissioner of Environmental Protection or the
288 commissioner's designee; (13) a representative of organized labor
289 appointed by the Governor; and (14) a representative of residential
290 customers or low-income customers appointed by Governor. On a
291 biennial basis, the board shall elect a chairperson and vice-chairperson
292 from among its members and shall adopt such bylaws and procedures
293 it deems necessary to carry out its functions. The board may establish
294 committees and subcommittees as necessary to conduct its business.

295 (f) The board shall issue annually a report to the Department of
296 Public Utility Control reviewing the activities of the Renewable Energy
297 Investment Fund in detail and shall provide a copy of such report, in
298 accordance with the provisions of section 11-4a, to the joint standing
299 committees of the General Assembly having cognizance of matters
300 relating to energy and commerce and the Office of Consumer Counsel.
301 The report shall include a description of the programs and activities
302 undertaken during the reporting period jointly or in collaboration with
303 the Energy Conservation and Load Management Funds established
304 pursuant to section 16-245m.

305 (g) There shall be a joint committee of the Energy Conservation
306 Management Board and the Renewable Energy Investments Board, as
307 provided in subdivision (2) of subsection (d) of section 16-245m.

308 [(h) No later than December 31, 2006, and no later than December
309 thirty-first every five years thereafter, the board shall, after consulting
310 with the Energy Conservation Management Board, conduct an
311 evaluation of the performance of the programs and activities of the
312 fund and submit a report, in accordance with the provisions of section
313 11-4a, of the evaluation to the joint standing committees of the General
314 Assembly having cognizance of matters relating to energy and
315 commerce.]

316 Sec. 6. Section 16a-47a of the general statutes is repealed and the
317 following is substituted in lieu thereof (*Effective from passage*):

318 (a) The Department of Public Utility Control shall, in coordination
319 with the Energy Conservation Management Board, established
320 pursuant to section 16-245m, establish a state-wide energy efficiency
321 and outreach marketing campaign that shall provide targeted
322 information for each of the following sectors, including those served
323 by municipal electric utilities as defined in section 7-233b: (1)
324 Commercial, including small businesses, (2) industrial, (3)
325 governmental, (4) institutional, including schools, hospitals and
326 nonprofits, (5) agricultural, and (6) residential.

327 (b) The goals of the campaign established pursuant to subsection (a)
328 of this section shall include, but not be limited to, educating electric
329 consumers regarding (1) the benefits of pursuing strategies that
330 increase energy efficiency, including information on the Connecticut
331 electric efficiency partner program established pursuant to section 16a-
332 46e and combined heat and power technologies, (2) the real-time
333 energy reports prepared pursuant to section 16a-47d and the real-time
334 energy alert system prepared pursuant to section 61 of public act 07-
335 242* and (3) the option of choosing participating electric suppliers, as
336 defined in subsection (k) of section 16-244c.

337 (c) On or before December 1, 2007, the department shall develop
338 and approve a plan that meets the goals of said campaign pursuant to
339 subsection (b) of this section. Said plan shall include a coordinated
340 range of marketing activities and outreach strategies, including, but
341 not limited to, inserts in customers' utility bills; television, radio and
342 newspaper advertisements; printed educational materials; events; a
343 comprehensive web site resource providing information for all electric
344 utility customers state-wide and serving all sectors; an electronic
345 newsletter; planning forums and meetings throughout the state; and
346 partnerships with businesses, government entities and nonprofit
347 organizations. Said utility bill inserts shall include, but not be limited
348 to, information that can assist consumers in evaluating options
349 regarding energy efficiency. Said web site shall be maintained and
350 updated regularly and shall include, but not be limited to, current rate
351 and contact information for participating electric suppliers. Such

352 current rate information shall be on said web site with date and time of
353 update displayed prominently. The department shall begin the
354 implementation of said plan on or before March 1, 2008.

355 (d) The department may retain the services of third-party entities to
356 assist in the development and implementation of the state-wide energy
357 efficiency and marketing campaign established pursuant to this
358 section.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	16a-35k
Sec. 2	<i>from passage</i>	16a-37u
Sec. 3	<i>from passage</i>	4-73(c)(2)
Sec. 4	<i>from passage</i>	16a-37v
Sec. 5	<i>from passage</i>	16-245n
Sec. 6	<i>from passage</i>	16a-47a

FIN *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 10 \$	FY 11 \$
Policy & Mgmt., Off.	GF - Cost	37,500	0
Various State Agencies	Various - Potential Savings	Potential Significant	Potential Significant

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Office of Policy and Management (OPM) to establish a program to reduce energy consumption in state buildings by at least 10% by January 1, 2010. To the extent this is achieved significant savings may result. These savings may be offset by costs by agencies in order to achieve energy consumption measures. OPM may require one temporary analyst from passage of this bill until January 1, 2010 to establish such plan, with FY 10 costs of \$37,500.

It is anticipated that OPM can submit a supporting schedule of state agency energy costs to the Energy and Technology Committee within the agency's normal budgetary resources.

The Out Years

The OPM costs discussed above are for FY 10 only. The potential energy savings by agencies, and costs incurred to achieve such savings are potentially significant.

OLR Bill Analysis**sHB 6535*****AN ACT CONCERNING ENERGY EFFICIENCY AND
CONSERVATION PROGRAMS.*****SUMMARY:**

This bill repeals the requirement that the Renewable Energy Investments Board, in consultation with the Energy Conservation Management Board (ECMB), evaluate, every five years, the performance of the programs and activities of the Clean Energy Fund and report on the evaluation to the Energy and Technology and Commerce committees. Under current law, the next report is due by December 31, 2011.

The bill establishes a statutory goal of reducing statewide per capita energy consumption by 10% in 2015 from 2006 levels by using efficiency and conservation measures. It requires the secretary of the Office of Policy and Management (OPM) to establish a program to reduce energy consumption in state-owned and -leased buildings by 10% by January 1, 2010. (The bill does not establish a baseline for this requirement.)

By law, the governor's recommended budget must include a supporting schedule of agency energy costs. The bill requires that, starting in FY 11, the supporting schedule be submitted to the Energy and Technology Committee.

The bill requires OPM and the Department of Public Works to re-establish, by July 1, 2010, a pilot program in which the state selects one or more state facilities to be covered by an energy performance contract with a private vendor. Under such contracts, the vendor pays for the capital cost of energy efficiency projects in return for receiving

part of the energy savings. The agencies were required to establish a program before July 1, 2004, but failed to do so.

The bill makes municipal electric utility customers eligible to receive information from Department of Public Utility Control (DPUC) energy efficiency and outreach marketing campaign. It requires that a DPUC website on this program provide information for all electric customers statewide.

EFFECTIVE DATE: Upon passage

PERFORMANCE CONTRACTING PILOT PROGRAM

Under the bill, agencies that participate in the pilot program must report program results to the Appropriations and Energy and Technology committees. The reports must be submitted within three months after the effective date of the contract and annually thereafter. The final report is due within three months after the contract's termination.

BACKGROUND

Legislative History

On April 21, the House referred this bill (File 488) to the Finance, Revenue and Bonding Committee, which reported a substitute that (1) deleted provisions that (a) established a division in DPUC to evaluate all state energy efficiency, conservation, and renewable energy programs and provided for the division's funding and (b) increased the maximum amount of money that can be transferred from petroleum gross earnings tax revenue to the Fuel Oil Conservation account from \$5 million to \$10 million; and (2) reinstated current law regarding ECMB's five-year review of conservation programs.

COMMITTEE ACTION

Program Review and Investigations Committee

Joint Favorable Substitute Change of Reference

Yea 11 Nay 0 (03/09/2009)

Energy and Technology Committee

Joint Favorable

Yea 21 Nay 0 (03/19/2009)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 46 Nay 0 (04/27/2009)